

Annual Budget of
uMshwathi
Municipality

2016/17 To 2018/19
Medium Term Revenue and Expenditure
Forecasts

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Abbreviations and Acronyms

AMR	Automated Meter Reading	ℓ	litre
ASGISA	Accelerated and Shared Growth Initiative	LED	Local Economic Development
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CBD	Central Business District	MFMA	Municipal Financial Management Act Programme
CFO	Chief Financial Officer	MIG	Municipal Infrastructure Grant
CM	City Manager	MMC	Member of Mayoral Committee
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
EM	Executive Mayor	OHS	Occupational Health and Safety
FBS	Free basic services	OP	Operational Plan
GAMAP	Generally Accepted Municipal Accounting Practice	PBO	Public Benefit Organisations
GDP	Gross domestic product	PHC	Provincial Health Care
GDS	Gauteng Growth and Development Strategy	PMS	Performance Management System
GFS	Government Financial Statistics	PPE	Property Plant and Equipment
GRAP	General Recognised Accounting Practice	PPP	Public Private Partnership
HR	Human Resources	PTIS	Public Transport Infrastructure System
HSRC	Human Science Research Council	RG	Restructuring Grant
IDP	Integrated Development Strategy	RSC	Regional Services Council
IT	Information Technology	SALGA	South African Local Government Association
kl	kilolitre	SAPS	South African Police Service
km	kilometre	SDBIP	Service Delivery Budget Implementation Plan
KPA	Key Performance Area	SMME	Small Micro and Medium Enterprises
KPI	Key Performance Indicator		
kWh	kilowatt		

Part 1 – Annual Budget

1.1 Mayor's Report

Good morning fellow Councillors, Amakhosi neziNduna, officials, ladies and gentlemen.

It is indeed a great pleasure to stand before you today to present the Budget for 2016/17.

The process of preparing the budget started in August 2015 with the adoption of the budget process plan by Council. The draft budget was approved by Council on 29 March 2016 after various consultations with the communities during the IDP forum Imbizos and with the respective officials of the municipality. I would like to take this opportunity to thank each and every one of you for your contribution to the processes that have ensured that uMshwathi once again was able to meet all the requirements pertaining to the finalization budget and IDP for the 2016/2017 financial year.

The tabling and adoption of the budget today will make it possible for the municipality to once again submit its budget to the respective Treasuries timeously. Again, your contribution is duly acknowledged.

In arriving at this milestone, the municipality has complied with the requirements of the Municipal Finance Management Act, particularly in terms of the timeframes and format. There has been extensive public consultation with all relevant stakeholders which culminated in a joint IDP/Budget Imbizo on

I am confident that the budget is credible and is aligned to the IDP. We must all be mindful of the fact that it is not possible for the municipality to implement all the projects that have been requested by the communities in one year. The top three prioritised projects will be implemented over the next three years.

The budgetary constraints compel the municipality to prioritize projects and implement projects within the limits of the available financial resources. This is what we must all make the communities to understand. On administration side we all, that is councillors and officials, will have to be mindful of the recommended cost containment measures to be implemented by all government departments at all levels.

The highlights of the Draft Budget for 2016/17 are as follows:

The total budget commitment for the 2016/17 financial year is as follows:

Operating Expenditure	: R 138.447 million
Capital Expenditure	: R 26.329 million
Total	: R 164.776 million

Revenue Projections

Council is hereby informed that the total Revenue Estimates for the 2016/2017 financial year amounts to R164.776 million.

The main income source is attributable to the Rates income and equitable share as shown below:

Rates	: R 28.000 million
Services	: R 1.850 million
Operational Grants	: R 87.511 million
Capital Grants	: R 26.329 million
INEP Grant	: R 5 000 million
Other Income	: R 16.086 million

The above revenue will be applied to meet the expenditure in the normal running of the council's business. The salient features of expenditure are as follows:

Councillor Allowances and Salaries : R 66.303 million

An increase of 8% has been budgeted for salaries.

General Expenditure : R 56.014 million

Repairs and Maintenance : R16.130 million

The repairs and maintenance budget was prepared taking into account the requirements of the technical department.

Capital Expenditure

The total capital budget is estimated at R28.629 million and it is divided as follows:

• Roads	: R 21.014 million
• Halls	: R 1.063 million
• Community Centre	: R 1.063 million
• High Mast Light	: R 2.126 million
• Sports field	: R 1.063 million
Total Projects	:R 26.329 million
• Plant	: R 2.300 million
Total	: R 28.629 million

1.2 Council Resolutions

On 26 May 2016 the uMshwathi Municipal Council met in the Council Chambers to consider the annual budget of the municipality for the 2016/17 financial year. The Council approved and adopted the following resolutions:

(a) That the operating and capital budgets for the 2016/2017 financial year and the two outer years herewith annexures 1 and 2, be approved by the Council in terms of section 16 (2) of the Municipal Finance Management Act 56/2003,

(b) That in terms of section 2 of the Local Government Municipal Property Rates Act 6/2004, as amended, the general rate to be levied on the market value of all rateable property for the 2016/2017 financial year be adjusted and set as follows;

- Commercial, residential, industrial and vacant properties:
R 0,015950899,
- Agricultural properties and Public Service Infrastructure properties:
R 0.003987724

(c) That in terms of section 15 of the Municipal Property Rates Act 6/2004 the following exemptions, reductions and rebates are applied for the 2016/2017 financial year;

- Rates on public service infrastructure be phased out in terms of the latest amendments to the Municipal Property Rates Act,
- No rate be applied to the first fifteen thousand rand (R 15 000) of the market value of residential and multipurpose residential properties in terms of section 17 (1) (h) of the Municipal Property Rates Act 6/2004,
- The following rebates/reductions will be applied to the respective categories of properties;

Residential properties; 23%

Agricultural Properties: 47%

Rural Residential 63%

An additional rebate of 5% on net rates payable is applied on total rates paid up by 31 August 2016.

Public Benefit Organizations who serve the local interests and are approved by the SA Revenue Services and referred to specifically in terms of section 18A and Part 1 of the 9th Schedule of the Income Tax Act 58/1962 will receive a rebate of 100%

Qualifying applicants, in terms of the municipality's Rates Policy, who are registered as indigents and are the sole owners of their properties and who permanently reside there on will receive an additional rebate of 75%

Qualifying applicants, in terms of the municipality's Rates Policy, who are over the age of 60 years and or are Disabled persons and who are the sole owners of their properties and who permanently reside thereon will receive an additional rebate calculated on their joint incomes as follows;

Joint income of between 0 and R 2500 per month	30%
Joint income of between R 2501 and R 3500 per month	20%
Joint income of between R 3501 and R 4500 per month	10%

- (d) That in terms of section 26 (1) (a) of the Municipal Property Rates Act 6/2004 the general rates for the 2016/2017 financial year be recovered in 12 monthly installments and that the final date and time for payment of each monthly installment be 15:00 hours on the last working day of each month,
- (e) That the budgeted salary increase as negotiated and finalised by the Bargaining Council for staff be implemented from 1 July 2016.
- (f) That the budget, once adopted be submitted to the National and Provincial Treasuries.
- (g) That Council's rates policy is amended to take into account the rebates as per paragraph (c) and the tariff policy is amended to take into account the tariff changes.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items. This has resulted in savings to the municipality to concentrate on direct service delivery.

The municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the municipality has undertaken to implement various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circular No. 79 and Cost Containment Circular 82 were used to guide the compilation of the 2016/17 MTREF.

The main challenges experienced during the compilation of the 2016/17 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads infrastructure;
- The need to reprioritise projects and expenditure within the existing financial resources of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – allocations had to be limited the MIG allocation for the 2016/17 financial year; and
- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the draft 2016/17 MTREF:

- The 2015/16 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the draft 2016/17 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- As far as possible there will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- A budget was set for the following items and allocations to these items had to be supported by a list and/or motivation setting out the intention and cost of the expenditure which was used to prioritise expenditures:
 - Special Projects;
 - Consultant Fees;
 - Furniture and office equipment;
 - Special Events;
 - HIV/Aids
 - Youth Programs
 - Social Empowerment
 - Sports Promotion
 - Woman Empowerment
 - Refreshments;
 - Ad-hoc travelling; and
 - Subsistence, Travelling & Conference fees.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2016/17 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2016/17 MTREF

	Adjusted	Budget Year:	Budget Year +1:	Budget Year +2:
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	Budget: 2015/16	2016/17	2017/18	2018/19
Total Income	178,717,000.00	164,776,000.00	178,237,000.00	187,708,000.00
Total Operating Expenditure	143,953,000.00	138,447,000.00	147,348,000.00	158,096,000.00
Surplus/-Deficit	34,764,000.00	26,329,000.00	28,175,000.00	29,612,000.00

Total operating revenue has dropped by 4.5 per cent for the 2016/17 financial year when compared to the 2015/16 adjusted revenue. For the two outer years, operational revenue is expected to increase by 5.9 per cent and increase by 7.5 per cent respectively, equating to a total revenue growth of 5.0 per cent over the MTREF when compared to the 2016/16 financial year.

Total operating expenditure for the 2016/17 financial year has been appropriated at R138.447 million. When compared to the 2015/16 adjusted budget, operational expenditure has dropped by 3.8 per cent in the 2016/17 budget and increased by 5.8 and 8.02 per cent for each of the respective outer years of the MTREF.

The capital budget of R 28.629 million for 2016/17 is 35.7 per cent less when compared to the 2015/16 adjusted budget. The reduction is due to the reduction in various grants compared to the 2015/16 financial year.

1.4 Operating Revenue Framework

For uMshwathi Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the municipal area and continued economic development;
- Efficient revenue management, which aims to ensure at least a 90 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) as amended (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

It must be noted that the municipality's only source of own income is rates and refuse collection thus being highly grant dependent. The municipality is always on the lookout for other sources of income to enhance its revenue base.

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

Vote Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote									
Vote 1 - Council General	67,695	76,402	92,892	102,207	102,637	102,637	100,771	102,571	111,304
Vote 2 - Rates	15,562	23,899	26,441	20,970	26,970	26,970	28,000	29,680	31,461
Vote 6 - Library Services	1	1	4	1	1	1	1	1	1
Vote 8 - Traffic	47	59	67	100	100	100	120	150	175
Vote 9 - Motor Licensing	2,226	2,362	2,446	2,350	2,150	2,150	2,450	2,730	2,800
Vote 10 - Finance	48	53	-	-	-	-	-	-	-
Vote 12 - Public Works	18,596	19,083	31,299	44,964	44,964	44,964	31,529	38,375	39,812
Vote 13 - Cemetery/Community Halls	39	44	49	35	65	65	55	55	55
Vote 15 - Waste/Refuse Removal	1,650	1,801	1,833	1,850	1,830	1,830	1,850	1,961	2,100
Total Revenue by Vote	105,864	123,705	155,029	172,477	178,717	178,717	164,776	175,523	187,708

Table 3 Percentage growth in revenue by main revenue source

Description			2015/16 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget 2015/16	% age	Budget Year 2016/17	% age	Budget Year +1 2017/18	% age	Budget Year +2 2018/19	% age
Property rates	26,970	17.75%	28,000	20.22%	29,680	20.28%	31,461	19.90%
Property rates - penalties & collection charges	1,500	0.99%	1,500	1.08%	1,500	1.03%	1,500	0.95%
Service charges - refuse revenue	1,830	1.20%	1,850	1.34%	1,961	1.34%	2,100	1.33%
Rental of facilities and equipment	480	0.32%	500	0.36%	550	0.38%	600	0.38%
Interest earned - external investments	1,050	0.69%	1,200	0.87%	1,250	0.85%	1,300	0.82%
Interest earned - outstanding debtors	10,000	6.58%	10,000	7.22%	10,000	6.83%	10,000	6.33%
Fines	101	0.07%	121	0.09%	151	0.10%	176	0.11%

Agency services	2,150	1.41%	2,450	1.77%	2,730	1.87%	2,800	1.77%
Transfers recognised - operational	107,546	70.77%	92,511	66.82%	98,205	67.10%	107,833	68.21%
Other revenue	326	0.21%	315	0.23%	321	0.22%	326	0.21%
Total Revenue (excluding capital transfers and contributions)	151,953	100.00%	138,447	100%	146,348	100%	158,096	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a minor percentage of the revenue basket for the municipality namely +/- 34 per cent of the total revenue mix.

Revenue from property rates is the second largest revenue source totaling around 20 per cent of the total revenue for the year.

Operating grants and transfers for the 2016/17 year showed a significant decrease of 14.4 percent as compared to the 2015/16 financial year. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Operating Transfers and Grants									
National Government:	57,607	64,963	76,111	106,669	106,669	106,669	91,617	101,153	106,854
Local Government Equitable Share	55,307	61,423	69,377	84,824	84,824	84,824	83,479	89,253	94,699
Finance Management	1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900	2,155
Municipal Systems Improvement Integrated National Electrification Programme	800	890	934	930	930	930	–	–	–
EPWP Incentive		1,000	1,000	1,115	1,115	1,115	1,313	–	–
Other transfers/grants [insert description]									
Provincial Government:	454	777	811	877	877	877	894	932	979
Arts and Culture: Library Services	454	777	811	877	877	877	894	932	979
Total Operating Transfers and Grants	58,061	65,740	76,922	107,546	107,546	107,546	92,511	102,085	107,833

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality. National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all

increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The general rates rand-age to be applied for the 2016/17 financial year is 0,015950899 (a 6 per cent increase) for residential, commercial, industrial and vacant properties. The rate rand-age applicable to agricultural and public service infrastructure will be 0.003987724. The municipality has taken the decision to phase out the rating of public service infrastructure over the next five years.

National Treasury's MFMA Circular No. 79 deals, inter alia with the implementation of the Municipal Property Rates Act and the amended regulations issued by the Department of Co-operative Governance. The amended regulations come into effect on 1 July 2016 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA;
- 23 per cent rebate will be granted on all residential properties;
- 63 per cent rebate will be granted on properties categorized as rural residential;
- 47 per cent rebate will be granted on all agricultural properties;
- 100 per cent rebate will be granted to registered Public Benefit organisations;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 20 per cent calculated on a sliding scale in terms of the municipality's Rates Policy. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
 - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.

1.4.2 Waste Removal and Impact of Tariff Increases

Currently solid waste removal is only provided in the four urban areas of the municipality. It is proposed that the service will be extended to the rural areas as well. However it must be noted that the rural areas are significantly indigent and the extension of the service will not have an impact on the revenue raised for this service. The tariff for the 2016/17 financial year will be increased by 6%. A schedule of tariffs is attached to the budget document.

1.4.3 Other Sources of Revenue

The budget for 10 million rand for interest on outstanding debtors is based on the current outstanding debtors and is regarded as realistic. The figure will be relooked at during the adjustment budget process depending on the collection of the arrear debt during the first 6 months of the year.

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 5 MBRR Table SA14 – Household bills

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework			
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17 % incr.	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	446.39	468.71	486.83	516.04	516.04	516.04	6.0%	547.00	579.82	614.61
Refuse removal	91.25	95.81	103.00	103.00	103.00	103.00	6.0%	109.18	115.73	122.67
Other										
sub-total	537.64	564.52	589.83	619.04	619.04	619.04	6.0%	656.18	695.55	737.28
VAT on Services										
Total large household bill:	537.64	564.52	589.83	619.04	619.04	619.04	6.0%	656.18	695.55	737.28
% increase/-decrease		5.0%	4.5%	5.0%	-	-		6.0%	6.0%	6.0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	72.36	75.98	80.54	85.37	85.37	85.37	6.0%	90.49	95.92	101.68
Refuse removal	91.25	95.81	103.00	103.00	103.00	103.00	6.0%	109.18	115.73	122.67
Other										
sub-total	163.61	171.79	183.54	188.37	188.37	188.37	6.0%	199.67	211.66	224.35
VAT on Services										
Total small household bill:	163.61	171.79	183.54	188.37	188.37	188.37	6.0%	199.67	211.66	224.35
% increase/-decrease		5.0%	6.8%	2.6%	-	-		6.0%	6.0%	6.0%
			0.37	-0.62	-1.00	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	114.31	120.03	127.23	134.86	134.86	134.86	6.0%	142.96	151.53	160.62
Refuse removal	91.25	95.81	103.00	103.00	103.00	103.00	6.0%	109.18	115.73	122.67

Other										
sub-total	205.56	215.84	230.23	237.86	237.86	237.86	6.0%	252.14	267.26	283.30
VAT on Services										
Total small household bill:	205.56	215.84	230.23	237.86	237.86	237.86	6.0%	252.14	267.26	283.30
% increase/-decrease		5.0%	6.7%	3.3%	–	–		6.0%	6.0%	6.0%

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2016/17 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication in terms the IDP;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan, no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2016/17 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Expenditure By Type										
Employee related costs	29,692	37,643	46,151	49,726	53,476	53,476	53,476	57,603	60,944	64,674
Remuneration of councillors	6,296	7,366	7,651	8,305	8,305	8,305	8,305	8,700	9,325	9,980
Debt impairment	929	112	–							
Depreciation & asset impairment	5,371	6,716	8,324	10,000	9,000	9,000	9,000	10,000	10,000	11,000
Finance charges	2,181	1,839	1,570	1,750	1,750	1,750	1,750	1,800	1,800	1,800
Contracted services	153	28	20,952	46,418	45,538	45,538	45,538	33,540	36,859	40,821
Transfers and grants	–	–	–	2,000	1,500	1,500	1,500	2,000	2,000	2,000
Other expenditure	26,627	33,282	19,471	22,015	24,385	24,385	24,385	24,804	26,420	27,821
Total Expenditure	71,249	86,985	104,119	140,213	143,953	143,953	143,953	138,447	147,348	158,096

The budgeted allocation for employee related costs for the 2016/17 financial year totals R66.303 million, which equals 40.0 per cent of the total operating expenditure. In terms of the collective agreement between SALGBC and Labour and increase of average CPIX plus one percent was agreed upon for the 2016/17 year. Accordingly, salary increases have been factored into this budget at a percentage increase of 08 per cent for the 2016/17 financial year. The increase will cover the increase and annual salary notch increases and increase due to revised job evaluation of certain posts. An annual increase of 06 per cent has been included in the two outer years of the MTREF. As part of the municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. In addition, expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of 7 on the upper limits in line with the latest Government Gazette has been budgeted for. It must be noted that the gazetted increase will be implemented and the salaries and allowances for councillors will be adjusted for during the adjustment process.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. There is no provision for debt impairment in the budget because the municipality is currently in the process of carrying out a data cleansing exercise of its debtors and once finalised adjustments will be made as at 30 June 2016. If need be impairment will be considered during the adjustment budget process in January.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.3 per cent (R1.8 million) of operating expenditure excluding annual redemption for 2016/17. Previously the budget for finance charges included the repayment of the capital portion. This has now been corrected and the line item for finance charges only covers the interest portion of the loans.

Contracted services have been identified as a cost saving area for the municipality. As part of the compilation of the 2016/17 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2016/17 financial year, this group of expenditure totals R35.540 million. Further details relating to contracted services can be seen in MBRR SA1.

Other expenditure comprises of various line items relating to the daily operations of the municipality. Provision has been made to carry out a feasibility study on the extension of the refuse removal service in the rural areas. This has resulted in the budget for this service to be a net loss in the 2016/17 year. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the municipality's infrastructure. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2016/17 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational

repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. During the compilation of the 2016/17 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the municipality's infrastructure and historic deferred maintenance.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 4 000 or more indigent households during the 2016/17 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). There is budget implication for free basic refuse services because currently the service is only provided in the urban area of the municipality and the household on the indigent register are from the rural areas of the municipality.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5.3 SCOA Implementation

The old Dolfin Financial System was replaced by Pastel Evolution in the current year. Currently the municipality is in negotiations with the vendor to assist in the implementation process of mSCOA.

1.6 Capital Budget

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 7: 2015/16 Medium-term capital budget per vote.

Vote Description	Current Year 2015/16	2016/17 Medium Term Revenue & Expenditure Framework		
	Adjusted Budget	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure				
Executive and council	4,000	–	–	–
Community and social services	11.807	4,252	–	10,577
Sport and recreation	5,489	1,063	8,050	2,115
Road transport	16.801	23,314	20,125	16,920
Finance Software	1,590	–	–	–
Total Capital Budget	39,687	28,629	28,175	29,612

For 2016/17 an amount of R 28.629 million has been allocated for the development of infrastructure. In the outer years this amount totals R28.175 million, and R 29.612 million respectively for each of the financial years. Transport and roads has been allocated the highest allocation of R 23.314 million in 2016/17.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Community Centre R 1.063 million;
- Sports Fields R 1.063 million;
- Community Halls R 1.063 million;
- Roads R21.014 million;
- High Mast Lighting R 2.126 million;

1.6.1 Capital Revenue

With only rates and revenue as the main sources of income the municipality is heavily dependent on grants for infrastructure development. If the debt of +/- 40 million rand owed by water affairs is recovered soon the municipality will be in position to fund capital projects internally.

1.6.2 Capital Expenditure

New assets and renewal of assets

The only infrastructure that the municipality has is roads, halls municipal buildings and sports fields. The upkeep of this infrastructure is budgeted for through the repairs and maintenance budget.

GPS Co-ordinates

The municipality is in the process of obtaining GPS co-ordinates for all its infrastructure and is hoping to have them on the assets register as at 30 June 2016.

Future operational cost of new infrastructure

Future operational costs are included in the repairs and maintenance budget for the outer two years.

1.7 Cash Flow

The budgeted collection rate of 85% is considered acceptable because the municipality has embarked on a stringent debt collection drive towards the latter part of the current year. Furthermore the amount of +/- 35 million owed by the Department of Water Affairs is expected to be received early in the 2016/17 financial year. Management has also resolved to appoint an attorney to take the debt collection process to the next phase namely legal action phase. If need be the budgeted cash flow will be adjusted during the adjustment budget process.

1.8 Annual Budget Tables

The Annual Budget Tables (A1 to A10) are attached separately to the report. However explanations for each are given below:

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures.

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Revenue By Source</u>										
Property rates	15,562	23,899	26,441	20,970	26,970	26,970	26,970	28,000	29,680	31,461
Property rates - penalties & collection charges	1,049	1,326	1,700	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	1,650	1,801	1,833	1,850	1,830	1,830	1,830	1,850	1,961	2,100
Service charges - other	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	173	200	398	300	480	480	480	500	550	600
Interest earned - external investments	796	847	1,021	800	1,050	1,050	1,050	1,200	1,250	1,300
Interest earned - outstanding debtors	7,564	8,180	12,782	10,000	10,000	10,000	10,000	10,000	11,000	10,000
Dividends received	-	-	-	-	-	-	-	-	-	-
Fines	48	60	71	101	101	101	101	121	151	176
Licenses and permits	-	-	-	-	-	-	-	-	-	-
Agency services	2,226	2,362	2,446	2,350	2,150	2,150	2,150	2,450	2,730	2,800
Transfers recognised - operational	58,061	65,775	76,922	107,546	107,546	107,546	107,546	92,511	102,085	107,833
Other revenue	332	368	287	296	326	326	326	315	321	326
Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	87,460	104,817	123,900	145,713	151,953	151,953	151,953	138,447	151,228	158,096
<u>Expenditure By Type</u>										
Employee related costs	29,692	37,643	46,151	49,726	53,476	53,476	53,476	57,603	60,944	64,674
Remuneration of councillors	6,296	7,366	7,651	8,305	8,305	8,305	8,305	8,700	9,325	9,980
Debt impairment	929	112	-	-	-	-	-	-	-	-
Depreciation & asset impairment	5,371	6,716	8,324	10,000	9,000	9,000	9,000	10,000	10,000	11,000
Finance charges	2,181	1,839	1,570	1,750	1,750	1,750	1,750	1,800	1,800	1,800
Bulk purchases	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-
Contracted services	153	28	20,952	46,418	45,538	45,538	45,538	33,540	36,859	40,821
Transfers and grants	-	-	-	2,000	1,500	1,500	1,500	2,000	2,000	2,000
Other expenditure	26,627	33,282	19,471	22,015	24,385	24,385	24,385	24,804	26,420	27,821
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-
Total Expenditure	71,249	86,985	104,119	140,213	143,953	143,953	143,953	138,447	147,348	158,096

Surplus/(Deficit)	16,210	17,831	19,781	5,500	8,000	8,000	8,000	-	3,880	-
Transfers recognised - capital	18,404	18,888	31,129	26,764	26,764	26,764	26,764	26,329	28,175	29,612
Contributions recognised - capital	-	-	-	-	-	-	-	-	-	-
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions	34,614	36,719	50,910	32,264	34,764	34,764	34,764	26,329	32,055	29,612
Taxation										
Surplus/(Deficit) after taxation	34,614	36,719	50,910	32,264	34,764	34,764	34,764	26,329	32,055	29,612
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	34,614	36,719	50,910	32,264	34,764	34,764	34,764	26,329	32,055	29,612
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	34,614	36,719	50,910	32,264	34,764	34,764	34,764	26,329	32,055	29,612

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R138.447 million in 2016/17.
2. Revenue to be generated from property rates net of rebates is R28.000 million in the 2016/17 financial year and increases to R29.680million by 2017/18. It remains relatively constant over the medium-term and tariff increases have been factored in at 6 per cent for each of the respective financial years of the MTREF.
3. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source is in the region of 60%.
4. Employee related costs are the main cost driver within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The capital programme is funded from capital and provincial grants and transfers, and internally generated funds from current year surpluses.

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
3. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded. Reference is made to the explanatory notes for Table A4 where the reason for the deficit is given and how it will be corrected.

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2015) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the following budget time schedule:

Table 9 – Budget Process

ACTIVITY NO	THE EXECUTIVE MAYOR AND THE MUNICIPAL COUNCIL	DATE AND MONTH
1	Mayor - Tables in the Municipal Council a time schedule outlining key deadline dates: - Planning - Tabling and approving the budget - Reviewing the IDP (Sect 34 of the MSA) - Establish Budget and Treasury Steering committee (BTSC) - Budget related policies and consultation processes MFMA sect 21,22,23 and MSA sect 34, CH 4	Municipal Council Resolution 28-Aug-15
2	Mayor - Commences with planning for the next three years in terms of Sect. 52 & 53 of the MFMA - Review of the previous year's budget process	02-Nov-15 First Meeting of

	- The completion of the Budget Evaluation Checklist - Revision of the 2011/2012 Integrated Development Plan	the BTSC
3	Municipal Council - To undertake the IDP review process to: - Determine strategic objectives for service delivery & development for the next MTREF budget period - Review of provincial and national government sector and its strategic plans	Municipal Council Resolution 28-Aug-15
4	Mayor - Convenes the meeting of the Budget & Treasury Steering Committee to discuss and debate the Medium Term Budget Policy Statement	27-Nov-15
5	Mayor - Tables the Medium Term Budget Policy Statement and the I.D.P in the Municipal Council for discussion, debate & adoption.	15-Dec MC Resolution
6	Mayor - Tables the Final Draft of the MTREF Budget, I.D.P., SDBIP in the Municipal Council, 90 Days before the start of the financial year Publication of the MTREF Budget & I.D.P on website print media	31-Mar-16 10-Apr-16
7	Mayor and Speaker of the Municipal Council - To engage in the Public Participation programme on the MTREF Budget, IDP and debate in the Municipal Council - Municipal Council to consider the submissions and views of the local communities, NT, PT, other provincial and national organs of State and municipal councils - Mayor to be provided with an opportunity to respond to submissions during consultations and table amendments for consideration by the Municipal Council. MFMA sect 23,24; MSA CH 4	May-16
8	Mayor Tables and Municipal Council : - Must approve the 2016/2017 MTREF Budget, the I.D.P & SDBIP by budget resolution approving changes to the IDP and budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before the start of the budget year. MFMA sect 16,24,26,53	27-May-16
9	Mayor - Must approve the SDBIP within 28 days after approval of the budget and ensure that annual performance contracts are concluded in accordance with Sect 57(2) of the MSA. - Must ensure that APA are linked to the measurable performance objectives that were approved with the SDBIP and the budget. - Must submit the SDBIP and performance agreements to the Municipal Council, MEC for Local Government and makes public within 14 days after approval. MFMA sect 53 ; MSA sect 38-45, 57(2)	24-Jun-16
10	Municipal Council - Must finalize a system of delegations	30-Jun-16 (proposed date)

	MFMA sect 59,79,82 ; MSA sect 59-65	
	Abbreviations : IDP - Integrated Development Plan MFMA - Municipal Finance Management Act, no 56 of 2003 MSA - Local Government Municipal Systems Act, no 32 of 2000 MTBPS - National Treasury, Medium Term Budget and Policy Statement NT - National Treasury PT - Provincial Treasury SDBIP - Service Delivery Budget Implementation Plan	

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council.

2.1.2 IDP and Service Delivery and Budget Implementation Plan

The municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to review included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2015/16. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2016/17 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2015/16 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2016/17 MTREF, extensive financial modelling was undertaken to ensure the affordability and long-term financial sustainability of the municipality. The following key factors and planning strategies have informed the compilation of the 2016/17 MTREF:

- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance

- Economic climate and trends Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 79 and 54 has been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

The draft 2016/17 MTREF, as tabled before Council on 30 March 2016 was prepared with taking into account inputs from all department and input from various IDP Imbizo's held in all wards.

Ward Committees were utilised to facilitate the IDP Imbizo's in all wards.

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial Plans. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such plans is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Alignment to the National Development Plan;
- Alignment to the Provincial Growth and Development Strategy;
- Consideration of the National Key Performance Indicators (NKPis);
- Consideration of the National Priority Outcomes.
- Consideration of the District Growth and Development

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide city planning services; and
 - Maintaining the infrastructure of the municipality.
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective municipal cleansing;
 - Working with strategic partners such as SAPS to address crime;

- Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

The IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual performance of heads of departments.

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);

- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

Unfortunately the main measurable performance objectives have not been finalised during this process but will be finalised and Table SA7 will be populated accordingly when the final budget is approved in May.

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities the municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

2.3.1.2 Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1,
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework will have to be developed during the current MTREF. The intention of the framework will be to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.1.5 Creditors Management

- The municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice.

2.3.1.6 Other Indicators

- It is attempted to maintain Employee costs as a percentage of operating revenue in the region between 30 and 35 per cent.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is around 10%.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the municipality. Currently free basic electricity is supplied to registered users.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table MBRR A10 (Basic Service Delivery Measurement).

2.4 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies. The rates policy and other related policies is in the process of being reviewed and will be adopted with the final budget.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit Control and Debt Collection Policy is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2016/17 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy. Negotiations are almost at the final stages with the National Department of Water and Sanitation to recover the debt owed by them.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base

The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the

policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets). The policy is also currently under review.

2.4.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.4.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in September 2012 and was reviewed and approved in December 2015.

2.4.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Budget and Virement Policy has been reviewed in the current year and is awaiting Council approval.

2.4.6 Cash Management and Investment Policy

The municipality's Cash Management and Investment Policy was amended by Council in 2010. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves.

2.4.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

2.4.8 Rates Policy

The municipality's rates policy is reviewed on an annual basis to factor in the latest rebate structures and any amendments to the Municipal Property Rates Act.

2.4.9 Indigent Policy

The Indigent Policy is also currently under review and will be adopted before the beginning of the 2016/17 financial year.

2.5 Overview of budget assumptions

2.5.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

2.5.2 General inflation outlook and its impact on the municipal activities

There are four key factors that have been taken into consideration in the compilation of the 2016/17 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses;
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 40.0 per cent of total operating expenditure in the 2016/17 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

2.5.3 Credit rating outlook

The credit rating of the municipality is a satisfactory 4 and is not expected to improve in the next year.

2.5.4 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.5 Salary increases

The collective agreement regarding salaries/wages allows for an increase of average CPI plus 1 percent.

2.5.6 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2016/17 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook for both operating and capital revenue is as per table below:

Table 10 – Budget Funding

Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Revenue By Source</u>			
Property rates	28,000	29,680	31,461
Property rates - penalties & collection charges	1,500	1,500	1,500
Service charges - refuse revenue	1,850	1,961	2,100
Rental of facilities and equipment	500	550	600
Interest earned - external investments	1,200	1,250	1,300
Interest earned - outstanding debtors	10,000	11,000	10,000
Fines	121	151	176
Agency services	2,450	2,730	2,800
Transfers recognised - operational	92,511	102,085	107,833
Other revenue	315	321	326
Transfers recognised - Capital	26,329	28,175	29,612
Total Revenue (including capital transfers and contributions)	164,776	179,403	187,708

The following tables shows the operational and capital grants allocated to the municipality through Division of Revenue Act:

Table 11 – Grant Funding

Description R thousand	2016/17 Medium Term Revenue & Expenditure Framework		
	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:			
–			
<u>Operating Transfers and Grants</u>			
National Government:	91,617	101,153	106,854
Local Government Equitable Share	83,479	89,253	94,699
Finance Management	1,825	1,900	2,155
Municipal Systems Improvement	–	–	–
Integrated National Electrification Programme	5,000	10,000	10,000
EPWP Incentive	1,313	–	–
Provincial Government:	894	932	979
Arts and Culture: Library Services	894	932	979
Total Operating Transfers and Grants	92,511	102,085	107,833
<u>Capital Transfers and Grants</u>			
National Government:	26,329	28,175	29,612
Municipal Infrastructure Grant (MIG)	26,329	28,175	29,612
Total Capital Transfers and Grants	26,329	28,175	29,612
TOTAL RECEIPTS OF TRANSFERS & GRANTS	118,840	130,260	137,445

2.6.2 Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provided for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 12 MBRR Table A7 - Budget cash flow statement

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		9,933	21,783	18,451	18,000	22,800	22,800	22,800	26,475	31,180	32,961
Service charges		1,650	1,801	1,374	1,480	1,464	1,464	1,464	1,573	1,961	2,100
Other revenue		3,440	2,604	2,915	3,051	3,061	3,061	3,061	3,386	3,752	3,902
Government - operating	1	57,943	65,775	73,922	107,546	107,546	107,546	107,546	92,511	102,085	107,833
Government - capital	1	18,404	18,888	34,129	26,764	26,764	26,764	26,764	26,329	28,175	29,612
Interest		796	847	1,021	8,800	9,050	9,050	9,050	9,700	12,250	11,300
Payments											
Suppliers and employees		(66,510)	(78,318)	(90,283)	(126,463)	(129,963)	(129,963)	(129,963)	(122,647)	(133,548)	(143,296)
Finance charges		(2,134)	(1,839)	(1,570)	(1,750)	(1,750)	(1,750)	(1,750)	(1,800)	(1,800)	(1,800)
Transfers and Grants	1					(1,500)	(1,500)	(1,500)	(2,000)	(2,000)	(2,000)
NET CASH FROM/(USED) OPERATING ACTIVITIES		23,521	31,541	39,960	37,428	37,472	37,472	37,472	33,527	42,055	40,612
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									500	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) in non-current investments		3,152	(726)	404					-	-	-
Payments											
Capital assets		(25,569)	(24,545)	(37,039)	(32,264)	(39,687)	(39,687)	(39,687)	(28,629)	(28,175)	(29,612)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(22,418)	(25,271)	(36,635)	(32,264)	(39,687)	(39,687)	(39,687)	(28,129)	(28,175)	(29,612)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Payments											
Repayment of borrowing		(1,263)	(5,980)	(3,520)	(3,000)	(1,250)	(1,250)	(1,250)	(3,250)	(3,750)	(2,401)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(1,263)	(5,980)	(3,520)	(3,000)	(1,250)	(1,250)	(1,250)	(3,250)	(3,750)	(2,401)
NET INCREASE/ (DECREASE) IN CASH HELD		(159)	291	(195)	2,164	(3,465)	(3,465)	(3,465)	2,148	10,130	8,599
Cash/cash equivalents at year begin:	2	592	432	723	2,427	5,679	5,679	5,679	2,214	4,361	14,491
Cash/cash equivalents at year end:	2	432	723	528	4,591	2,214	2,214	2,214	4,361	14,491	23,090

The above table shows that cash and cash equivalents of the municipality have steadily increased over the past few years. This trend is expected to continue during the 2016/17 MTREF.

2.7 Expenditure on grants and reconciliations of unspent funds

Table 13 shows the expenditure on transfers and grants received. The municipality did not have any unspent grants for the past three years.

Table 13 MBRR SA19 - Expenditure on transfers and grant programmes

Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand									
EXPENDITURE:									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	57,607	64,963	76,111	106,669	106,669	106,669	91,617	101,153	106,854
Local Government Equitable Share	55,307	61,423	69,377	84,824	84,824	84,824	83,479	89,253	94,699
Finance Management	1,500	1,650	1,800	1,800	1,800	1,800	1,825	1,900	2,155
Municipal Systems Improvement	800	890	934	930	930	930	–	–	–
Integrated National Electrification Programme			3,000	18,000	18,000	18,000	5,000	10,000	10,000
EPWP Incentive		1,000	1,000	1,115	1,115	1,115	1,313	–	–
Provincial Government:	454	777	811	877	877	877	894	932	979
Arts and Culture: Library Services	454	777	811	877	877	877	894	932	979
Total operating expenditure of Transfers and Grants:	58,061	65,740	76,922	107,546	107,546	107,546	92,511	102,085	107,833
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	18,404	13,888	31,129	26,764	26,764	26,764	26,329	28,175	29,612
Municipal Infrastructure Grant (MIG)	18,404	13,888	31,129	26,764	26,764	26,764	26,329	28,175	29,612
Total capital expenditure of Transfers and Grants	18,404	13,888	31,129	26,764	26,764	26,764	26,329	28,175	29,612

TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	76,465	79,628	108,051	134,310	134,310	134,310	118,840	130,260	137,445
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2.7.1 Allocations on Grants made by the Municipality

The only allocation made by the municipality is in the form of offering free basic electricity to those who are registered on the data base.

2.8 Councillor and employee benefits

Table 14 MBRR SA22 - Summary of councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
<u>Councillors (Political Office Bearers plus Other)</u>	A	B	C	D	E	F	G	H	I
Basic Salaries and Wages	4,167	4,624	4,828	5,200	5,200	5,200	5,500	5,900	6,313
Pension and UIF Contributions	403	447	449	510	510	510	540	578	620
Motor Vehicle Allowance	1,395	1,693	1,771	1,900	1,900	1,900	2,000	2,140	2,290
Cellphone Allowance	282	544	540	620	620	620	580	621	665
Housing Allowances									
Other benefits and allowances	48	58	63	75	75	75	80	86	92
Sub Total - Councillors	6,296	7,366	7,651	8,305	8,305	8,305	8,700	9,325	9,980
% increase		17.0%	3.9%	8.5%	-	-	4.8%	7.2%	7.0%
<u>Senior Managers of the Municipality</u>									
Basic Salaries and Wages				4,300	4,300	4,300	4,650	4,900	5,200
Performance Bonus				500	500	500	500	530	561
Sub Total - Senior Managers of Municipality	-	-	-	4,800	4,800	4,800	5,150	5,430	5,761
% increase		-	-	-	-	-	7.3%	5.4%	6.1%
<u>Other Municipal Staff</u>									
Basic Salaries and Wages	21,152	27,716	33,145	29,620	32,470	32,470	33,000	35,009	37,151
Pension and UIF Contributions	3,629	4,166	5,422	6,097	6,097	6,097	7,033	7,457	7,914
Medical Aid Contributions	905	1,030	1,313	1,516	1,536	1,536	2,320	2,287	2,427
Overtime	714	719	659	660	670	670	880	987	1,047
Motor Vehicle Allowance	1,448	1,961	2,453	2,920	3,790	3,790	3,730	3,954	4,201
Housing Allowances	115	92	103	127	127	127	498	528	559

Other benefits and allowances	1,730	1,960	3,056	3,986	3,986	3,986	4,992	5,292	5,614
Sub Total - Other Municipal Staff	29,692	37,643	46,151	44,926	48,676	48,676	52,453	55,514	58,913
% increase		26.8%	22.6%	(2.7%)	8.3%	-	7.8%	5.8%	6.1%
Total Parent Municipality	35,988	45,009	53,803	58,031	61,781	61,781	66,303	70,269	74,654
		25.1%	19.5%	7.9%	6.5%	-	7.3%	6.0%	6.2%

Table 15 MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers		2014/15			Current Year 2015/16			Budget Year 2016/17		
Number		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		26		26	26		26	26		26
Municipal employees										
Municipal Manager and Senior Managers		5		5	5		5	5		5
Other Managers		16	5	11	16	5	11	18	7	11
Professionals		22	22	-	23	23	-	24	24	-
<i>Finance</i>		12	12		13	13		14	14	
<i>Spatial/town planning</i>										
<i>Information Technology</i>		1	1		1	1		1	1	
<i>Roads</i>		1	1		1	1		1	1	
<i>Other</i>		8	8		8	8		8	8	
Technicians		134	134	-	170	170	-	180	180	-
<i>Other</i>		134	134		170	170		180	180	
Clerks (Clerical and administrative)		12	12		12	12		12	12	
Service and sales workers		7	7		7	7		7	7	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators										
Elementary Occupations										
TOTAL PERSONNEL NUMBERS		222	180	42	259	217	42	273	230	43
% increase					16.7%	20.6%	-	-	-	-

2.9 Monthly targets for revenue, expenditure and cash flow

Table 16 MBRR SA25 - Budgeted monthly revenue and expenditure

Description R thousand	R ef	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue By Source	–															
Property rates		2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,337	28,000	29,680	31,461
Property rates - penalties & collection charges		125	125	125	125	125	125	125	125	125	125	125	125	1,500	1,500	1,500
Service charges - electricity revenue													–	–	–	–
Service charges - water revenue													–	–	–	–
Service charges - sanitation revenue													–	–	–	–
Service charges - refuse revenue		155	155	155	155	155	155	155	155	155	155	155	145	1,850	1,961	2,100
Service charges - other													–	–	–	–
Rental of facilities and equipment		42	42	42	42	42	42	42	42	42	42	42	38	500	550	600
Interest earned - external investments		100	100	100	100	100	100	100	100	100	100	100	100	1,200	1,250	1,300
Interest earned - outstanding debtors		833	833	833	833	833	833	833	833	833	833	833	837	10,000	11,000	10,000
Dividends received													–	–	–	–
Fines		10	10	10	10	10	10	10	10	10	10	10	11	121	151	176
Licences and permits													–	–	–	–
Agency services		204	204	204	204	204	204	204	204	204	204	204	206	2,450	2,730	2,800
Transfers recognised - operational		37,396	894	3,000		28,089			2,000	21,132			–	92,511	102,085	107,833
Other revenue		0	0	0	0	0	0	0	0	0	0	0	315	315	321	326
Gains on disposal of PPE													–	–	–	–
Total Revenue (excluding capital transfers and contributions)		41,198	4,696	6,802	3,802	31,891	3,802	3,802	5,802	24,934	3,802	3,802	4,114	138,447	151,228	158,096

Expenditure By Type	-															
Employee related costs		4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,603	60,944	64,674
Remuneration of councillors		725	725	725	725	725	725	725	725	725	725	725	725	8,700	9,325	9,980
Debt impairment													-	-	-	-
Depreciation & asset impairment		833	833	833	833	833	833	833	833	833	833	833	837	10,000	10,000	11,000
Finance charges		150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,800	1,800
Bulk purchases													-	-	-	-
Other materials													-	-	-	-
Contracted services		2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	795	31,540	36,859	40,821
Transfers and grants		166	166	166	166	166	166	166	166	166	166	166	174	2,000	2,000	2,000
Other expenditure		2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	2,067	1,767	24,504	26,420	27,821
Loss on disposal of PPE													-	-	-	-
Total Expenditure		11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	9,248	136,147	147,348	158,096
Surplus/(Deficit)		29,661	(6,840)	(4,734)	(7,734)	20,355	(7,734)	(7,734)	(5,734)	13,398	(7,734)	(7,734)	(5,135)	2,300	3,880	-
Transfers recognised - capital		10,000				8,000				8,329			-	26,329	28,175	29,612
Contributions recognised - capital													-	-	-	-
Contributed assets													-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		39,661	(6,840)	(4,734)	(7,734)	28,355	(7,734)	(7,734)	(5,734)	21,727	(7,734)	(7,734)	(5,135)	28,629	32,055	29,612
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	39,661	(6,840)	(4,734)	(7,734)	28,355	(7,734)	(7,734)	(5,734)	21,727	(7,734)	(7,734)	(5,135)	28,629	32,055	29,612

Table 17 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

Description R thousand	R ef	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue by Vote	–															
Vote 1 - Council General		38,084	1,582	3,688	688	28,777	688	688	2,688	21,820	688	688	692	100,771	106,451	111,304
Vote 2 - Rates		2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,333	2,337	28,000	29,680	31,461
Vote 3 - Municipal Manager													–	–	–	–
Vote 4 - Corporate Services													–	–	–	–
Vote 5 - Community Services													–	–	–	–
Vote 6 - Library Services		0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Vote 7 - Clinic													–	–	–	–
Vote 8 - Traffic		10	10	10	10	10	10	10	10	10	10	10	10	120	150	175
Vote 9 - Motor Licencing		204	204	204	204	204	204	204	204	204	204	204	206	2,450	2,730	2,800
Vote 10 - Finance													–	–	–	–
Vote 11 - Technical Services													–	–	–	–
Vote 12 - Public Works		10,016	16	3,016	16	8,016	16	16	2,016	8,345	16	16	24	31,529	38,375	39,812
Vote 13 - Cemetery/Community Halls		5	5	5	5	5	5	5	5	5	5	5	6	55	55	55
Vote 14 - Environmental/Pound Management													–	–	–	–
Vote 15 - Waste/Refuse Removal		154	154	154	154	154	154	154	154	154	154	154	156	1,850	1,961	2,100
Total Revenue by Vote		50,805	4,304	9,410	3,410	39,498	3,410	3,410	7,410	32,871	3,410	3,410	3,431	164,776	179,403	187,708
Expenditure by Vote to be appropriated	–															
Vote 1 - Council General		1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,069	1,071	12,830	13,709	14,639
Vote 2 - Rates													–	–	–	–
Vote 3 - Municipal Manager																

		1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,468	1,472	17,620	18,215	18,992
Vote 4 - Corporate Services		1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	23,586	24,317	26,305
Vote 5 - Community Services		1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	749	12,321	13,825	14,829
Vote 6 - Library Services		144	144	144	144	144	144	144	144	144	144	144	144	1,731	1,833	1,941
Vote 7 - Clinic													–	–	–	–
Vote 8 - Traffic		255	255	255	255	255	255	255	255	255	255	255	256	3,065	3,122	3,302
Vote 9 - Motor Licencing		100	100	100	100	100	100	100	100	100	100	100	102	1,202	1,275	1,351
Vote 10 - Finance		1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,955	23,449	24,239	25,850
Vote 11 - Technical Services		2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	1,088	24,056	25,648	27,459
Vote 12 - Public Works		1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	30	11,250	16,820	17,921
Vote 13 - Cemetery/Community Halls		115	115	115	115	115	115	115	115	115	115	115	116	1,382	1,476	1,573
Vote 14 - Environmental/Pound Management		92	92	92	92	92	92	92	92	92	92	92	93	1,105	1,215	1,325
Vote 15 - Waste/Refuse Removal		213	213	213	213	213	213	213	213	213	213	213	213	2,550	1,654	2,609
Total Expenditure by Vote		11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	11,536	9,254	136,147	147,348	158,096
Surplus/(Deficit) before assoc.		39,270	(7,232)	(2,126)	(8,126)	27,963	(8,126)	(8,126)	(4,126)	21,335	(8,126)	(8,126)	(5,823)	28,629	32,055	29,612
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	39,270	(7,232)	(2,126)	(8,126)	27,963	(8,126)	(8,126)	(4,126)	21,335	(8,126)	(8,126)	(5,823)	28,629	32,055	29,612

Table 18 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

Description R thousand	R ef	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Novem ber	Decemb er	January	Februar y	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard Governance and administration	–	40,834	4,332	3,438	3,438	31,527	3,438	3,438	3,438	24,571	3,438	3,438	3,438	128,771	136,131	142,765
Executive and council Budget and treasury office		37,439	937	43	43	28,132	43	43	43	21,175	43	43	42	88,026	92,651	98,449
Corporate services		3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,395	3,396	40,745	43,480	44,316
Community and public safety		15	15	15	15	15	15	15	15	15	15	15	15	176	206	231
Community and social services		5	5	5	5	5	5	5	5	5	5	5	5	56	56	56
Sport and recreation													–	–	–	–
Public safety		10	10	10	10	10	10	10	10	10	10	10	10	120	150	175
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		10,221	221	3,221	221	8,221	221	221	2,221	8,550	221	221	221	33,979	41,105	42,612
Planning and development													–	–	–	–
Road transport		10,221	221	3,221	221	8,221	221	221	2,221	8,550	221	221	221	33,979	41,105	42,612
Environmental protection													–	–	–	–
Trading services		155	155	155	155	155	155	155	155	155	155	155	145	1,850	1,961	2,100
Electricity													–	–	–	–
Water													–	–	–	–
Waste water management													–	–	–	–
Waste management		155	155	155	155	155	155	155	155	155	155	155	145	1,850	1,961	2,100
Other													–	–	–	–

Total Revenue - Standard	51,225	4,723	6,829	3,829	39,918	3,829	3,829	5,829	33,290	3,829	3,829	3,819	164,776	179,403	187,708
		5,664	6,876	3,876	68,054	3,876	3,876	5,876	54,470	3,876	3,876				
Expenditure - Standard	-														
Governance and administration	6,915	6,915	6,915	6,915	6,915	6,915	6,915	6,915	6,915	6,915	6,915	6,917	82,985	85,480	91,386
Executive and council	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	2,996	35,950	36,924	39,231
Budget and treasury office	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,954	1,955	23,449	24,239	25,850
Corporate services	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	1,966	23,586	24,317	26,305
Community and public safety	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,567	1,568	18,799	20,256	21,645
Community and social services	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,311	1,312	15,734	17,134	18,343
Sport and recreation												-	-	-	-
Public safety	255	255	255	255	255	255	255	255	255	255	255	256	3,065	3,122	3,302
Housing												-	-	-	-
Health												-	-	-	-
Economic and environmental services	2,843	2,843	2,843	2,843	2,843	2,843	2,843	2,843	2,843	2,843	2,843	544	31,813	39,958	42,456
Planning and development												-	-	-	-
Road transport	2,751	2,751	2,751	2,751	2,751	2,751	2,751	2,751	2,751	2,751	2,751	451	30,708	38,743	41,131
Environmental protection	92	92	92	92	92	92	92	92	92	92	92	93	1,105	1,215	1,325
Trading services	213	213	213	213	213	213	213	213	213	213	213	213	2,550	1,654	2,609
Electricity												-	-	-	-
Water												-	-	-	-
Waste water management												-	-	-	-
Waste management	213	213	213	213	213	213	213	213	213	213	213	213	2,550	1,654	2,609
Other												-	-	-	-
Total Expenditure - Standard	11,537	11,537	11,537	11,537	11,537	11,537	11,537	11,537	11,537	11,537	11,537	9,241	136,147	147,348	158,096
Surplus/(Deficit) before assoc.	39,688	(6,814)	(4,708)	(7,708)	28,381	(7,708)	(7,708)	(5,708)	21,753	(7,708)	(7,708)	(5,422)	28,629	32,055	29,612

Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	39,688	(6,814)	(4,708)	(7,708)	28,381	(7,708)	(7,708)	(5,708)	21,753	(7,708)	(7,708)	(5,422)	28,629	32,055	29,612

Table 19 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Single-year expenditure to be appropriated																
Vote 5 - Community Services		443	443	443	443	443	443	443	443	443	443	443	443	5,315	8,050	12,692
Vote 11 - Technical Services		1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,751	1,752	21,014	20,125	16,920
Vote 12 - Public Works			300			1,000				1,000			–	2,300	–	–
Capital single-year expenditure sub-total	2	2,194	2,494	2,194	2,194	3,194	2,194	2,194	2,194	3,194	2,194	2,194	2,195	28,629	28,175	29,612
Total Capital Expenditure	2	2,194	2,494	2,194	2,194	3,194	2,194	2,194	2,194	3,194	2,194	2,194	2,195	28,629	28,175	29,612

Table 20 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Capital Expenditure - Standard	1															
Governance and administration		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Community and public safety		443	443	443	443	443	443	443	443	443	443	443	444	5,315	8,050	12,692
Community and social services		354	354	354	354	354	354	354	354	354	354	354	355	4,252	–	10,577
Sport and recreation		89	89	89	89	89	89	89	89	89	89	89	90	1,063	8,050	2,115

Health													–	–	–	–
Economic and environmental services		1,751	2,051	1,751	1,751	2,751	1,751	1,751	1,751	2,751	1,751	1,751	1,752	23,314	20,125	16,920
Planning and development													–	–	–	–
Road transport		1,751	2,051	1,751	1,751	2,751	1,751	1,751	1,751	2,751	1,751	1,751	1,752	23,314	20,125	16,920
Environmental protection													–	–	–	–
Trading services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other													–	–	–	–
Total Capital Expenditure - Standard	2	2,194	2,494	2,194	2,194	3,194	2,194	2,194	2,194	3,194	2,194	2,194	2,196	28,629	28,175	29,612
Funded by:																
National Government													26,329	26,329	28,175	29,612
Transfers recognised - capital		–	–	–	–	–	–	–	–	–	–	–	26,329	26,329	28,175	29,612
Internally generated funds			300			1,000				1,000			–	2,300	–	–
Total Capital Funding		–	300	–	–	1,000	–	–	–	1,000	–	–	26,329	28,629	28,175	29,612

Table 21 MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS R thousand	Budget Year 2016/17												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Cash Receipts By Source															
Property rates	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	2,100	25,200	29,680	31,461
Property rates - penalties & collection charges	113	113	113	113	113	113	113	113	113	113	113	38	1,275	1,500	1,500
Service charges - electricity revenue												–	–	–	–
Service charges - water revenue												–	–	–	–
Service charges - sanitation revenue												–	–	–	–
Service charges - refuse revenue	139	139	139	139	139	139	139	139	139	139	139	46	1,573	1,961	2,100
Service charges - other												–	–	–	–
Rental of facilities and equipment	42	42	42	42	42	42	42	42	42	42	42	42	500	550	600
Interest earned - external investments	10	10	10	10	10	10	10	10	10	10	10	1,090	1,200	1,250	1,300
Interest earned - outstanding debtors	750	750	750	750	750	750	750	750	750	750	750	250	8,500	11,000	10,000
Dividends received												–	–	–	–
Fines	10	10	10	10	10	10	10	10	10	10	10	11	121	151	176
Licences and permits												–	–	–	–
Agency services	204	204	204	204	204	204	204	204	204	204	204	205	2,450	2,730	2,800
Transfer receipts - operational	37,396	894	3,000		28,089			2,000	21,132			–	92,511	102,085	107,833
Other revenue	26	26	26	26	26	26	26	26	26	26	26	26	315	321	326
Cash Receipts by Source	40,789	4,287	6,393	3,393	31,482	3,393	3,393	5,393	24,526	3,393	3,393	3,808	133,645	151,228	158,096
Other Cash Flows by Source															
Transfer receipts - capital	10,000				8,000				8,329			–	26,329	28,175	29,612
Contributions recognised - capital & Contributed assets												–			

Proceeds on disposal of PPE			500									–	500		
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	50,789	4,287	6,893	3,393	39,482	3,393	3,393	5,393	32,855	3,393	3,393	3,808	160,474	179,403	187,708
Cash Payments by Type															
Employee related costs	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	4,800	57,603	60,944	64,674
Remuneration of councillors	725	725	725	725	725	725	725	725	725	725	725	725	8,700	9,325	9,980
Finance charges	150	150	150	150	150	150	150	150	150	150	150	150	1,800	1,800	1,800
Bulk purchases - Electricity												–			
Bulk purchases - Water & Sewer												–			
Other materials												–	–	–	–
Contracted services	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	2,795	795	31,540	36,859	40,821
Transfers and grants - other municipalities												–			
Transfers and grants - other	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,000	2,000
Other expenditure	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,025	2,526	24,804	26,420	27,821
Cash Payments by Type	10,662	10,662	10,662	10,662	10,662	10,662	10,662	10,662	10,662	10,662	10,662	9,163	126,447	137,348	147,096
Other Cash Flows/Payments by Type															
Capital assets	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	28,629	28,175	29,612
Repayment of borrowing	271	271	271	271	271	271	271	271	271	271	271	271	3,250	3,750	2,401
Other Cash Flows/Payments												–			
Total Cash Payments by Type															

	13,319	13,319	13,319	13,319	13,319	13,319	13,319	13,319	13,319	13,319	13,319	11,820	158,326	169,273	179,109
NET INCREASE/(DECREASE) IN CASH HELD	37,470	(9,032)	(6,426)	(9,926)	26,163	(9,926)	(9,926)	(7,926)	19,536	(9,926)	(9,926)	(8,012)	2,148	10,130	8,599
Cash/cash equivalents at the month/year begin:	2,214	39,684	30,652	24,227	14,301	40,465	30,539	20,614	12,688	32,224	22,299	12,373	2,214	4,361	14,491
Cash/cash equivalents at the month/year end:	39,684	30,652	24,227	14,301	40,465	30,539	20,614	12,688	32,224	22,299	12,373	4,361	4,361	14,491	23,090

2.10 Annual budgets and SDBIPs – internal departments

Tables 22 and 23 show the monthly departmental SDBIP for expenditure and income respectively. The detailed SDBIP will be submitted separately.

2.10.1 Table 22 - SDBIP Expenditure

Details	Budget 2016/2017	July	August	September	October	November	December	January	February	March	April	May	June
Expenditure													
Council General	18,330,000	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500	1,527,500
Municipal Manager	17,620,000	1,450,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000	1,470,000
Corporate Services	23,586,000	1,916,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000	1,970,000
Community Services	12,321,000	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750	1,026,750
Library	1,731,000	147,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000	144,000
Traffic	3,065,000	260,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000	255,000
Motor Licencing	1,202,000	102,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Finance	23,449,000	1,944,000	1,955,000	1,955,000	1,955,000	1,955,000	1,955,000	1,955,000	1,955,000	1,955,000	1,955,000	1,955,000	1,955,000
Technical Services	19,556,000	1,626,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000	1,630,000
Road and Stormwater Maintenance	10,000,000	833,400	833,400	833,400	833,400	833,300	833,300	833,300	833,300	833,300	833,300	833,300	833,300
Building & Infrastructure Main	250,000	19,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Cemetery	1,382,000	117,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000	115,000
Environmental Management	655,000	50,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000	55,000
Cleansing and Solid Waste Mgt	2,550,000	212,500	212,500	212,500	212,500	212,500	212,500	212,500	212,500	212,500	212,500	212,500	212,500
Pounds	450,000	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500	37,500
Capital Programme	28,629,000	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750	2,385,750
	164,776,000	13,654,400	13,738,400	13,738,400	13,738,400	13,738,300	13,738,300	13,738,300	13,738,300	13,738,300	13,738,300	13,738,300	13,738,300
	0	0	0	0	0	0	0	0	0	0	0	0	0

2.10.2 Table 23 - SDBIP Income

Details	Budget 2016/2017	July	August	September	October	November	December	January	February	March	April	May	June
Income													
Rates	28,000,000	2,337,000	2,333,000	2,333,000	2,333,000	2,333,000	2,333,000	2,333,000	2,333,000	2,333,000	2,333,000	2,333,000	2,333,000
Rates: Penalties	1,500,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Fees: Photocopies	10,000	800	800	800	800	850	850	850	850	850	850	850	850
Fees: Rates Clearance	10,000	800	800	800	800	850	850	850	850	850	850	850	850
Grants: Equitable Share	83,479,000	34,783,000	0	0	0	27,826,000	0	0	0	20,870,000	0	0	0
Finance Management Grant	1,825,000	1,825,000	0	0	0	0	0	0	0	0	0	0	0
Grants: EPWP & Arts and Culture	2,207,000	788,000	894,000	0	0	263,000	0	0	0	262,000	0	0	0
Interest: Investments	1,200,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Interest: Arrear Accounts	10,000,000	837,000	833,000	833,000	833,000	833,000	833,000	833,000	833,000	833,000	833,000	833,000	833,000
Interest: Current Account	35,000	3,000	3,000	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900	2,900
Fees	5,000	500	500	400	400	400	400	400	400	400	400	400	400
Rent: Facilities	500,000	40,000	40,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000	42,000
Library	1,000	90	90	90	90	80	80	80	80	80	80	80	80
Community Hall	50,000	4,000	4,000	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Traffic	120,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Motor Licencing	2,450,000	205,000	205,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000	204,000
Maintenance	31,529,000	10,013,000	3,017,000	17,000	17,000	10,017,000	17,000	17,000	17,000	8,346,000	17,000	17,000	17,000
Cemetery	5,000	450	450	450	450	400	400	400	400	400	400	400	400
Cleansing	1,850,000	155,000	155,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000	154,000
Total Income	164,776,000	51,227,640	7,721,640	3,827,640	3,827,640	41,916,680	3,827,680	3,827,680	3,827,680	33,288,680	3,827,680	3,827,680	3,827,680

2.11 Contracts having future budgetary implications

In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following two tables' present details of the municipality's capital expenditure programme on new assets and on the repair and maintenance of assets.

Table 24 MBRR SA 34a - Capital expenditure on new assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<u>Capital expenditure on new assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		10,571	13,718	18,738	14,424	9,640	9,640	16,752	12,075	4,231
Infrastructure - Road transport		10,571	13,718	18,738	14,424	9,640	9,640	16,752	12,075	4,231
Roads, Pavements & Bridges		10,571	13,718	18,738	13,424	8,640	8,640	16,752	12,075	4,231
Storm water					1,000	1,000	1,000			
<u>Community</u>		8,781	8,658	15,305	12,340	13,252	13,252	4,252	2,013	8,461
Parks & gardens		1,968	3,728	1,786	4,208	4,027	4,027		2,013	2,115
Sportsfields & stadia						-				
Swimming pools		229	1,835	4,560	3,924	1,915	1,915	1,063		2,115
Community halls						-				
Security and policing					562	400	400			
Other					3,646	6,910	6,910			

		6,583	3,096	8,959				3,189		4,231
<u>Other assets</u>		4,636	2,169	2,599	-	5,091	5,091	-	-	-
General vehicles		2,338		850		2,000	2,000			
Plant & equipment		626	200	118		1,091	1,091			
Computers - hardware/equipment			550	588		500	500			
Furniture and other office equipment		700	1,243	1,044		500	500			
Civic Land and Buildings		501				-	-			
Other Buildings		471	176			-	-			
Other Land						1,000	1,000			
<u>Intangibles</u>		-	-	396	-	1,590	1,590	-	-	-
Computers - software & programming										
Pastel Evolution				396		1,590	1,590			
Total Capital Expenditure on new assets	1	23,987	24,545	37,039	26,764	29,573	29,573	21,004	14,088	12,692

Table 25 MBRR SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		–	–	–	–	6,070	6,070	4,262	8,050	12,690
Infrastructure - Road transport		–	–	–	–	6,070	6,070	4,262	8,050	12,690
<i>Roads, Pavements & Bridges</i>						6,070	6,070	4,262	6,038	12,690
<i>Storm water</i>									2,013	
<u>Community</u>		–	–	–	–	4,044	4,044	1,063	6,038	4,230
Parks & gardens						–	–			
Sportsfields & stadia						1,462	1,462	1,063	6,038	
Swimming pools						–	–			
Community halls						2,582	2,582			2,115
Other										2,115
<u>Other assets</u>		1,582	–	–	5,500	–	–	2,300	–	–
General vehicles					2,000			300		
Specialised vehicles	10	1,582	–	–	–	–	–	–	–	–
Plant & equipment					1,500	–	–	2,000		
Computers - hardware/equipment					500	–	–			
Furniture and other office equipment					500	–	–			
Other Land					1,000	–	–			
Total Capital Expenditure on renewal of existing assets	1	1,582	–	–	5,500	10,114	10,114	7,625	14,088	16,920

Table 26 MBRR SA34c - Repairs and maintenance expenditure by asset class

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
R thousand	1									
<u>Repairs and maintenance expenditure by Asset Class/Sub-class</u>										
–										
<u>Infrastructure</u>		3,850	6,947	9,094	8,600	7,100	7,100	8,758	6,473	7,536
Infrastructure - Road transport		3,850	6,947	9,094	8,600	7,100	7,100	7,203	6,473	7,536
Roads, Pavements & Bridges		3,850	6,947	9,094	8,600	7,100	7,100	7,203	6,473	7,536
Infrastructure - Other		–	–	–	–	–	–	1,555	–	–
Other	3							1,555		
Total Repairs and Maintenance Expenditure	1	3,850	6,947	9,094	8,600	7,100	7,100	8,758	6,473	7,536

Table 27 MBRR SA36 - Detailed capital budget per municipal vote

Municipal Vote/Capital project	Ref	Program/Project description	Project number	ID P Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2016/17 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2014/15	Current Year 2015/16 Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	Ward location	New or renewal
R thousand	4				6	3	3	5								
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>																
Vote 1 - Council General																

Office Equipment				Yes	Other Assets	Furniture and other office equipment	317									
Land								1,000								
Vehicles				Yes	Other Assets	General vehicles	850	2,000	300							
Furniture				Yes	Other Assets	Furniture and other office equipment	727	500								
Computers				Yes	Other	Computers - hardware/equipment	588	500								
Vote 5 - Community Services																
Community Halls				Yes	Community	Community halls	4,560	4,497								
Gujini Hall				Yes	Community	Community halls			1,063					11	New	
Mbalenhle Hall				Yes	Community	Community halls						2,115		4	New	
Tholeni Hall - Parking				Yes	Community	Community halls						2,115		6	Renewal	
Creches				Yes	Community	Other Buildings		3,865								
Electrification				Yes	Community	Generation	5,880	–								
Fencing				Yes	Community	Sportsfields & stadia		145								
Thusong Centre				Yes	Community	Civic Land and Buildings	783	–								
Sports Field				Yes	Community	Sportsfields & stadia	1,786	5,489								
Upgrade Cool Air Sportsfield				Yes	Community	Sportsfields & stadia			1,063					7	Renewal	
New Hanover Sportsfield				Yes	Community	Sportsfields & stadia					2,013			2	New	
Upgrade of Khamanzi Sportsfield				Yes	Community	Sportsfields & stadia					2,013			3	Renewal	
Upgrade of Mhele Sportsfield				Yes	Community	Sportsfields & stadia					2,013			4	Renewal	
Upgrade of Island Sports field				Yes	Community	Sportsfields & stadia					2,013			5	Renewal	
Construction of Sportsfield				Yes	Community	Sportsfields & stadia						2,115		13	New	
High Mast Lighting				Yes	Community	Street Lighting		2,900								
High Mast Lighting				Yes	Community	Street Lighting			1,063					2	New	
High Mast Lighting				Yes	Community	Street Lighting			1,063					10	New	
High Mast Lighting				Yes	Community	Street Lighting					2,116			1	New	
Training Centre				Yes	Community	Other										

								2,297	-											
Msilili Centre					Yes	Community	Other												8	New
Facility for the Disabled					Yes	Community	Other												11	New
Electricity Infills					Yes	Community	Generation												12	Rene wal
Bus Shelters					Yes	Community	Roads, Pavements & Bridges			400										
Vote 10 - Finance																				
Pastel Finance System					Yes	Intangibles	Computers - software & programming		396	1,590										
Vote 11 - Technical Services																				
Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		18,738	14,710										
Tarring of Roads - Thokozane					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												1	Rene wal
Construction of P278					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												3	New Rene wal
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												4	Rene wal
Completion of Gwala Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												5	New
Tarring of Main Road					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												6	New
Roads Infrastructure					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												9	New
Tarring of D1012/13					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												12	New Rene wal
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												13	wal Rene wal
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges												14	wal
Tarring of D239					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		1	New Rene wal
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		6	wal
Tarring of Dube and Msilili Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		8	New
Tarring of Trust Feed Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		9	New
Completion D708					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		10	New Rene wal
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		11	wal
Tarring of D1012/13					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		12	New
Tarring of D1012/13					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges										2,013		13	New

Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges					2,013		14	Renewal
Construction of Roads - NH Extension					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,116	2	New
Completion of D40					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,115	3	New
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,115	5	Renewal
Resealing of Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,115	7	Renewal
Upgrade of Mbeka/Kwabishi Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,115	8	Renewal
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,115	9	Renewal
Upgrade of Gravel Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,115	10	Renewal
Upgrade of Access Roads					Yes	Infrastructure - Road transport	Roads, Pavements & Bridges						2,115	14	Renewal
Stormwater					Yes	Infrastructure - Road transport	Storm water			1,000					
Cool Air Stormwater Drainage					Yes	Infrastructure - Road transport	Storm water					2,013		7	Renewal
Plant					Yes	Other	Plant & equipment		118	1,091	2,000				
Parent Capital expenditure	1											28,629	28,175	29,612	

2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format is fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department. The interns have completed their two-year contract on 31 January 2015, and their term was extended for another year. The new set of interns are in the process of being appointed. The appointments will be finalised by 30 June 2016.
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2016/17 MTREF in May 2016 and is directly aligned and informed by the 2016/17 IDP.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. Minimum Competency Levels
All Heads of Departments have achieved their minimum competency levels. All employees within the BTO have either completed their MFMP training or are in the process of completing the training by 30 June 2016.
8. Policies
Subsequent to the amendment of the Municipal Property Rates Regulations ratios as prescribed are complied with.

2.14 Other supporting documents

The supporting tables to the A1 schedules are attached to this document,

2.15 Municipal manager's quality certificate

I Mr. N.M. Mabaso, municipal manager of uMshwathi Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Mr. N.M. Mabaso

Municipal manager of uMshwathi Municipality

Signature _____

Date _____